

Verrill Dana^{LLP}

Attorneys at Law

WILLIAM S. HARWOOD
PARTNER
wharwood@verrilldana.com
Direct: 207-253-4702

ONE PORTLAND SQUARE
PORTLAND, MAINE 04112-0586
207-774-4000 • FAX 207-774-7499
www.verrilldana.com

May 15, 2010

Karen Geraghty
Administrative Director
Maine Public Utilities Commission
101 Second Street
State House Station 18
Augusta, ME 04333-0018

RE: Bangor Hydro Electric Company, Maine Public Service Company,
Maine Electric Power Company, Inc. and Chester SVC Partnership
Request for Approval of Reorganization (35-A M.R.S.A. §§ 708 and 1103)
Docket No. 2010-89

Dear Karen:

Enclosed for filing are an original and four copies (including a CD) of Bangor Hydro Electric Company's Data Response to the following Data Request:

EX 01-06 CONFIDENTIAL

Please contact me if you have any questions or concerns.

Sincerely,



William S. Harwood

WSH/ign
Enclosure
cc: Service List

BANGOR HYDRO ELECTRIC COMPANY
DOCKET NO. 2010-89
EXAMINER'S DATA REQUEST NO. 1
MAY 15, 2010

QUESTION NO. 6:

Please provide all discounted cash flow models of MAM or Maine Public Service constructed by Emera, Bangor Hydro or any consultants and/or advisors to the company. In providing the assumptions, please provide comprehensive details with respect to rate increases, sales growth by rate class and components of the rate structure. Please provide the weighted average cost of capital calculation underlying the rate increases including the cost of equity assumptions. Please provide the all of the financial forecasts in an electronic format with equations intact.

RESPONSE NO. 6:

Please see CONFIDENTIAL Attachments EX-01-06A, EX-01-06B, EX-01-06C, EX-01-06D, EX-01-06E, EX-01-06F.

Bangor Hydro performed the valuation on return on rate base model for a cost of service utility. As such there were no forecasts prepared for load growth, rate increases or operating costs.

Attachments EX-01-06A, EX-01-06B, EX-01-06C, EX-01-06D, EX-01-06E, EX-01-06F contain Designated Confidential Information pursuant to Protective Order No. 1 (Proprietary Business Information) and will be provided to the appropriate parties under separate cover.

Response Prepared By: Gregory W. Blunden, Vice President of Business Development

Witness Responsible For: Peter E. Dawes, Vice President of Finance & Treasurer



RBC Capital Markets®

**Project Pine
Financial Model**

Feb 10, 2010 9:38 AM

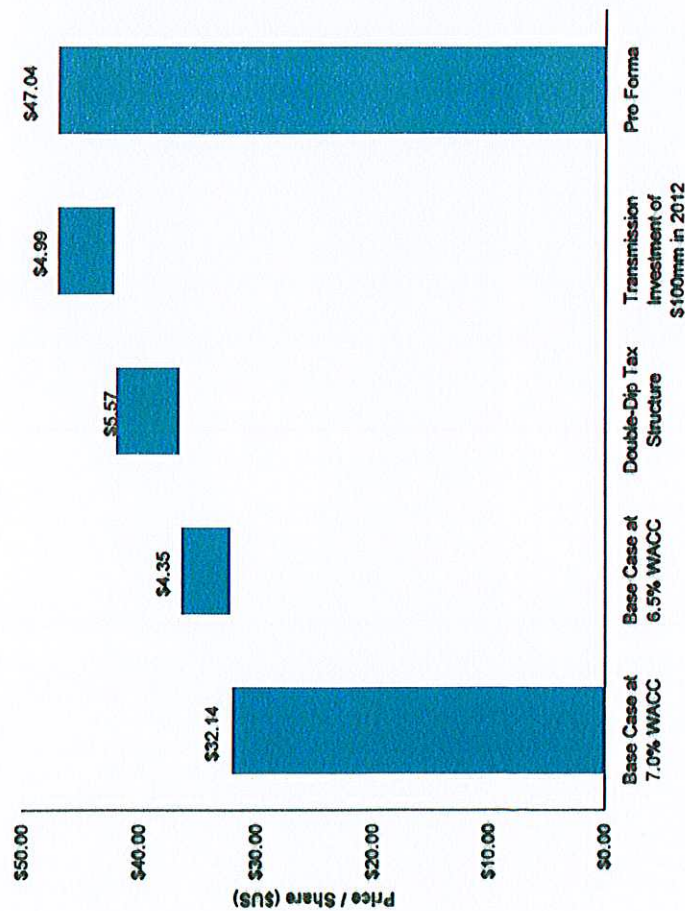
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Pine Model - Final V1.xls
2/10/2010 | 9:38 AM

	Equity Value	Net Debt	Difference	Enterprise Value	Price / Share	Difference	Price / Share
Base Case at 7.0% WACC	\$54.1	\$28.7	-	\$82.8	\$32.14	-	\$32.14
Base Case at 6.5% WACC	54.1	28.7	7.3	90.1	32.14	\$4.35	36.48
Double-Dip Tax Structure	61.4	28.7	9.4	99.4	36.48	\$5.57	42.05
Transmission Investment of \$100mm in 2012	70.8	28.7	8.4	107.8	42.05	\$4.99	47.04
Pro Forma	79.2	28.7	-	107.8	47.04		\$47.04



	WACC	Return on Equity	Low	Midpoint	High
Enterprise Value					
Distribution	6.5% - 7.5%	10.0% - 11.0%	\$38.9	\$46.0	\$54.7
Transmission	6.5% - 7.5%	10.0% - 11.0%	10.1	12.0	14.3
Stranded Costs - Seabrook	6.5% - 7.5%	8.5% - 9.5%	6.1	6.2	6.3
Stranded Costs - Deferred Fuel	6.5% - 7.5%	8.5% - 9.5%	20.0	20.2	20.5
Transmission Investment of \$100mm in 2012	6.5% - 7.5%	10.0% - 11.0%	(12.1)	(0.8)	13.4
Double-Dip Tax Structure	6.5% - 7.5%		9.1	9.2	9.4
Public Company and Board Cost Synergies	6.5% - 7.5%		-	-	-
Consolidated Enterprise Value			\$72.0	\$92.8	\$118.6
Implied EV / 2009E EBITDA			4.50x	5.80x	7.41x
Implied EV / 2009E Average Rate Base			0.95x	1.23x	1.57x
Net Debt			28.7	28.7	28.7
Equity Value (Excludes MPC / USG Costs)			\$43.3	\$64.1	\$99.9
Implied Equity Value / 2009E Net Income			11.49x	17.01x	23.84x
Implied Equity Value / Book			0.95x	1.41x	1.97x
Shares Outstanding			1.7	1.7	1.7
Price / Share (Excludes MPC / USG Costs)			\$25.75	\$38.11	\$53.41
MPC			-	0.8	1.5
USG			-	-	1.0
Equity Value (Includes MPC / USG Costs)			\$43.3	\$64.9	\$92.4
Price / Share (Includes MPC / USG Costs)			\$25.75	\$38.68	\$54.89

Base Case Sensitivity to WACC (Price / Share)

5.5%	6.0%	WACC	7.0%	7.5%
\$75.82	\$59.56		\$37.14	\$28.14

Distribution

Inputs for Sensitivity Tables:		Debt / Total Capital Return on Equity WACC		50.0%	10.2%	6.5%
		Total Enterprise Value		Return on Equity		
		10.00%	10.20%	10.50%	10.75%	11.00%
6.50%	\$48.7	\$49.9	\$51.7	\$53.2	\$54.7	\$56.2
6.75%	45.8	47.0	48.7	50.1	51.6	53.1
7.00%	43.3	44.4	46.0	47.4	48.7	50.1
7.25%	41.0	42.0	43.6	44.8	46.1	47.4
7.50%	38.9	39.9	41.3	42.6	43.8	45.1
WACC						

Transmission

Inputs for Sensitivity Tables:		Debt / Total Capital Return on Equity WACC		50.0%	10.5%	6.5%
		Total Enterprise Value		Return on Equity		
		10.00%	10.20%	10.50%	10.75%	11.00%
6.50%	\$12.7	\$13.0	\$13.5	\$13.9	\$14.3	\$14.7
6.75%	11.9	12.2	12.7	13.1	13.5	13.9
7.00%	11.3	11.6	12.0	12.3	12.7	13.0
7.25%	10.7	10.9	11.3	11.7	12.0	12.3
7.50%	10.1	10.4	10.8	11.1	11.4	11.7
WACC						

Stranded Costs - Seabrook

Inputs for Sensitivity Tables:		Debt / Total Capital Return on Equity WACC		50.0%	9.0%	6.5%
		Total Enterprise Value		Return on Equity		
		8.50%	8.75%	9.00%	9.25%	9.50%
6.50%	\$6.3	\$6.3	\$6.3	\$6.3	\$6.3	\$6.3
6.75%	6.2	6.2	6.2	6.2	6.2	6.2
7.00%	6.2	6.2	6.2	6.2	6.2	6.2
7.25%	6.1	6.1	6.1	6.1	6.1	6.1
7.50%	6.1	6.1	6.1	6.1	6.1	6.1
WACC						

Stranded Costs - Deferred Fuel

Inputs for Sensitivity Tables:		Return on Equity WACC		9.0%	6.5%
		Total Enterprise Value		Return on Equity	
		8.50%	8.75%	9.00%	9.25%
6.50%	\$20.3	\$20.4	\$20.4	\$20.4	\$20.5
6.75%	20.2	20.3	20.3	20.3	20.4
7.00%	20.2	20.2	20.2	20.2	20.3
7.25%	20.1	20.1	20.1	20.1	20.2
7.50%	20.0	20.0	20.0	20.0	20.1
WACC					

Transmission Investment of \$100mm in 2012

Inputs for Sensitivity Tables:		Return on Equity WACC		10.00%	10.20%	10.50%	10.75%	11.00%
		Total Enterprise Value		Return on Equity				
6.50%	\$3.4	\$5.4	\$8.4	\$10.9	\$13.4	\$15.9	\$18.4	\$20.9
6.75%	(1.2)	0.7	3.5	5.9	8.2	10.5	12.8	15.1
7.00%	(5.2)	(3.5)	(0.8)	1.4	3.6	5.9	8.2	10.5
7.25%	(8.9)	(7.2)	(4.7)	(2.6)	(0.5)	1.8	4.1	6.4
7.50%	(12.1)	(10.5)	(8.1)	(6.1)	(4.2)	(2.3)	(0.4)	1.9
WACC								

Double-Dip Tax Structure

Inputs for Sensitivity Tables:		WACC		6.5%		
		Total Enterprise Value				
		WACC				
		6.50%	6.75%	7.00%	7.25%	7.50%
		\$9.4	\$9.3	\$9.2	\$9.2	\$9.1

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**Project Pine
IRR Analysis**

(US\$ millions, unless otherwise stated)

	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Net Income	\$3.8	\$3.8	\$6.6	\$9.4	\$9.5	\$9.7	\$9.8	\$10.0	\$10.2	\$10.4	\$10.7	\$10.9	\$11.1	\$11.3	\$11.5	\$11.8	\$12.0	\$12.2	\$12.5	\$12.7
Plus: Change in equity capital	0.4	0.4	(52.4)	(1.3)	(0.5)	(1.2)	(1.7)	(1.9)	(1.9)	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)	(2.2)	(2.2)	(2.3)	(2.3)	(2.4)	(2.4)
Plus: Double dip tax structure	1.8	2.1	2.5	2.5	2.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plus: Dividends from recapitalization	7.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Levered free cash flows	\$13.8	\$6.3	(\$43.3)	\$10.6	\$11.5	\$8.5	\$8.2	\$8.1	\$8.3	\$8.5	\$8.6	\$8.8	\$9.0	\$9.2	\$9.3	\$9.5	\$9.7	\$9.9	\$10.1	\$10.3

(US\$ millions, unless otherwise stated)

IRR Calculation

Investment Price / Share	\$45.00
Implied Entry Equity Value	\$73.7
Exit EBITDA	\$41.7
Exit Multiple in 2029	8.5x
Implied Exit Enterprise Value	\$354.5
Debt / Total Capital	50.0%
Implied Exit Equity Value	\$177.2
IRR	9.15%

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Project: Prime DCF Analysis		Valuation Date: 3/7/2010										CAGR	
		Firm Year Ending										01E-29E	
		2008E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Assumptions													
Average Rate Base	\$11.9	\$12.1	\$14.3	\$16.9	\$19.3	\$22.7	\$26.1	\$29.6	\$33.1	\$36.6	\$40.1	\$43.6	\$47.1
Growth Rate	18.5%	18.5%	8.6%	78.0%	18.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Capital Structure													
Equity	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Debt	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Adjusted Return on Equity	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Overweighting	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%
Assumed Adjusted Return on Equity													
EBITDA	\$1.8	\$2.0	\$2.1	\$11.7	\$17.9	\$18.4	\$19.0	\$19.5	\$20.1	\$20.7	\$21.3	\$21.9	\$22.5
EBIT	1.3	1.5	1.6	7.6	11.6	13.8	14.1	14.4	14.7	15.0	15.3	15.6	15.9
Net Income to Common	0.6	0.7	0.7	3.5	5.3	6.4	6.6	6.7	6.8	7.0	7.1	7.3	7.4
Capital Expenditures	(1.6)	(1.6)	(1.6)	(10.0)	(5.9)	(6.4)	(7.1)	(7.4)	(7.8)	(8.1)	(8.4)	(8.8)	(9.2)
Cash Taxes	(0.3)	(0.6)	(0.7)	(3.1)	(5.9)	(5.6)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Change in Working Capital	(0.1)	(0.1)	(0.1)	(0.4)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Unlevered Free Cash Flows	(0.4)	(0.3)	(0.1)	(9.9)	8.7	8.8	8.9	8.9	9.1	9.2	9.3	9.4	9.5
Years	2008E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Time to Cash Flow	8.0	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0
Time to Cash Flow with Midyear	(8.0)	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0
Period Year Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Discount Factor	1.00	0.94	0.88	0.83	0.78	0.73	0.68	0.64	0.60	0.57	0.53	0.50	0.47
PV of Free Cash Flows	(0.3)	(0.1)	(0.1)	(8.2)	4.4	4.2	4.0	3.9	3.7	3.5	3.4	3.2	3.1
US\$7M-55M Unlevered Value													
DCF Valuation													
WACC	6.50%												
Terminal Growth Rate	2.00%												
PV of Unlevered Free Cash Flows	(529.0)												
NPV of Terminal Value (Based on Business)	50.9												
Implied Enterprise Value	\$51.9												
Implied EBITDA	\$1.3												
Implied EBITDA Margin	1.3%												

RBC Capital Markets

Project Name	Valuation Date: 11/2/2010											
DCF Analysis												

(US\$ Millions, unless otherwise stated)												
	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	CAOR 2025E-25E

Available Up-Tier Structure	1.0	2.1	2.5	2.5	2.5	2.5						
Unlevered Free Cash Flows												
Years	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Time to Cash Flow	(0.0)	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0
Time to Cash Flow with Midyear	(0.0)	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0
Period Year Adjustment	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
PV of Free Cash Flows	1.00	0.84	0.69	0.55	0.43	0.33	0.25	0.19	0.14	0.10	0.07	0.05

(US\$ millions, unless otherwise stated)												
DCF Valuation												
WACC	6.50%											
PV of Cash Flows	50.4											
Implied Enterprise Value	50.4											

Public Company and Board Cost Synergies												
Unlevered Free Cash Flows												

Years	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Time to Cash Flow	(0.0)	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0
Time to Cash Flow with Midyear	(0.0)	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0
Period Year Adjustment	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Discount Factor	1.00	0.84	0.69	0.55	0.43	0.33	0.25	0.19	0.14	0.10	0.07	0.05
PV of Free Cash Flows												

(US\$ millions, unless otherwise stated)												
DCF Valuation												
WACC	6.50%											
PV of Cash Flows	50.4											
Implied Enterprise Value	50.4											

Consolidated												
(US\$ millions, unless otherwise stated)												
DCF Valuation												
Total Implied Enterprise Value	\$467.0											
Implied EV / 2009E EBITDA	6.7x											
Implied EV / 2009E Average Rate Share	6.4x											
Net Debt	-\$23.7											
Implied Equity Value	\$490.7											
Implied Price Per Share	\$47.21											
Implied P / 2009E Earnings	21.6x											
Implied P / Book Value	1.7x											

(US\$ millions, unless otherwise stated)																							
CONSOLIDATED																							
	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal	
Rate base																							
Beginning	572.8	575.2	574.5	573.7	578.4	5161.9	5184.2	5187.5	5191.1	5194.9	5198.8	5202.8	5206.9	5211.0	5215.2	5219.5	5223.9	5228.4	5233.0	5237.6	5242.4	5247.2	
Plus: Capital expenditures	7.2	4.6	4.7	105.5	12.0	10.1	10.5	11.0	11.5	11.9	12.5	13.0	13.5	14.1	14.7	15.3	15.9	16.6	17.3	18.0	18.7	19.5	
Less: Depreciation	7.8	11.0	10.9	12.3	8.4	7.9	8.3	8.1	7.9	8.4	8.8	9.2	9.7	10.2	10.7	11.3	11.8	12.4	13.0	13.6	14.3	15.0	
Plus: Change in working capital	0.5	0.2	0.2	8.7	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
Less: Deferred Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Ending	572.7	568.9	568.5	575.5	5182.5	5184.4	5186.8	5190.7	5194.9	5198.8	5202.8	5206.9	5211.0	5215.2	5219.5	5223.9	5228.4	5233.0	5237.6	5242.4	5247.2	5252.2	
ROE																							
Rate base (avg)	575.7	576.5	575.8	572.8	5181.5	5183.7	5185.0	5189.4	5193.0	5195.9	5200.6	5204.9	5208.9	5213.1	5217.4	5221.7	5225.2	5230.7	5235.3	5240.0	5244.8	5249.7	
Equity rate base	37.8	38.3	37.9	63.9	90.7	91.9	93.0	94.7	96.5	98.4	100.4	102.4	104.5	106.6	108.7	110.9	113.1	115.3	117.7	120.0	122.4	124.9	
ROE	3.8	3.8	3.8	6.6	9.4	9.5	9.7	9.8	10.0	10.2	10.4	10.7	10.9	11.1	11.3	11.5	11.8	12.0	12.2	12.5	12.7	13.0	
Free cash flow																							
ROE	3.8	3.8	3.8	55.6	59.4	59.5	59.7	59.8	510.0	510.2	510.4	510.7	510.9	511.1	511.3	511.5	511.8	512.0	512.2	512.5	512.7	513.0	
Change in equity capital	(2.9)	0.4	0.4	(52.4)	(1.3)	(0.5)	(1.2)	(1.7)	(1.9)	(1.9)	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)	(2.2)	(2.2)	(2.3)	(2.3)	(2.4)	(2.4)	(2.5)	
Free cash flow (forecast period)	\$0.3	\$2.3	\$2.4	(\$47.5)	\$6.5	\$8.0	\$8.1	\$8.2	\$8.1	\$8.3	\$8.5	\$8.6	\$8.8	\$9.0	\$9.2	\$9.3	\$9.5	\$9.7	\$9.9	\$10.1	\$10.3	\$10.5	
Growth rates																							
Ending rate base	(5.2%)	(0.7%)	156.4%	4.0%	1.1%	1.3%	2.1%	2.1%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Average rate base	1.1%	(1.0%)	68.6%	42.6%	1.3%	1.3%	1.8%	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Free cash flow	708.0%	6.4%	(2082.8%)	(113.7%)	22.1%	1.6%	0.8%	(0.3%)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Income statement																							
EBITDA	\$16.0	\$19.3	\$19.2	\$26.5	\$28.7	\$28.4	\$29.1	\$29.3	\$29.6	\$30.4	\$31.3	\$32.2	\$33.1	\$34.1	\$35.1	\$36.1	\$37.1	\$38.2	\$39.4	\$40.5	\$41.7	\$42.9	
Less: Depreciation	8.2	8.3	8.3	14.2	20.3	20.5	20.8	21.2	21.6	22.0	22.5	22.9	23.4	23.9	24.3	24.8	25.3	25.8	26.4	26.9	27.4	28.0	
EBIT	1.8	1.8	1.8	3.1	4.4	4.4	4.5	4.6	4.7	4.8	4.9	5.0	5.1	5.2	5.3	5.5	5.6	5.7	5.8	5.9	6.0		
Less: Interest	8.4	6.5	6.5	11.1	15.9	16.1	16.3	16.6	17.0	17.3	17.6	18.0	18.4	18.7	19.1	19.5	19.9	20.3	20.7	21.1	21.5	21.9	
EBT	2.6	2.6	2.6	4.5	6.5	6.6	6.7	6.8	6.9	7.1	7.2	7.3	7.5	7.6	7.8	7.9	8.1	8.3	8.4	8.6	8.8	9.0	
Less: Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Less: Preferred Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net income	\$3.8	\$3.8	\$3.8	\$6.6	\$9.4	\$9.5	\$9.7	\$9.8	\$10.0	\$10.2	\$10.4	\$10.7	\$10.9	\$11.1	\$11.3	\$11.5	\$11.8	\$12.0	\$12.2	\$12.5	\$12.7	\$13.0	
EBITDA growth																							
Net income growth	20.8%	(1.0%)	38.4%	8.1%	(0.9%)	1.2%	1.6%	1.8%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Debt balances																							
Beginning	\$35.4	\$37.6	\$37.2	\$33.9	\$39.2	\$39.1	\$39.2	\$39.3	\$39.5	\$39.6	\$39.7	\$39.8	\$39.9	\$40.0	\$40.1	\$40.2	\$40.3	\$40.4	\$40.5	\$40.6	\$40.7	\$40.8	
Ending	\$39.3	\$39.9	\$39.5	\$38.5	\$39.9	\$39.2	\$38.8	\$39.9	\$39.5	\$39.4	\$39.4	\$39.4	\$39.4	\$39.4	\$39.4	\$39.4	\$39.4	\$39.4	\$39.4	\$39.4	\$39.4	\$39.4	
Enterprise Cash Flows																							
EBITDA	16.0	19.3	19.2	26.5	28.7	28.4	29.1	29.3	29.6	30.4	31.3	32.2	33.1	34.1	35.1	36.1	37.1	38.2	39.4	40.5	41.7	42.9	
Cash tax	(3.3)	(3.4)	(3.4)	(5.8)	(8.3)	(8.4)	(8.5)	(8.7)	(8.8)	(9.0)	(9.2)	(9.4)	(9.5)	(9.7)	(9.9)	(10.1)	(10.3)	(10.5)	(10.8)	(11.0)	(11.2)	(11.4)	
Capital expenditure	(7.2)	(4.6)	(4.7)	(105.5)	(12.0)	(10.1)	(10.5)	(11.0)	(11.5)	(11.9)	(12.5)	(13.0)	(13.5)	(14.1)	(14.7)	(15.3)	(15.9)	(16.6)	(17.3)	(18.0)	(18.7)	(19.5)	
Working capital	(0.5)	(0.2)	(0.2)	(8.7)	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	
Free cash flow	5.0	11.2	10.9	(93.4)	7.9	9.7	9.8	9.4	9.0	9.2	9.3	9.5	9.7	9.9	10.1	10.3	10.5	10.7	10.9	11.2	11.4	11.6	

Ability-To-Pay: Accretion Dilution Analysis

Illustrative Acquisition of Maple by Elm
(US\$ millions, unless otherwise stated)

Draft For Discussion - Issues Only

		2010E	Projected 2011E
I. Current Trading Multiples			
Elm			
Current share price	C\$25.30	C\$1.51	C\$1.58
Earnings estimates		16.8x	16.0x
Pricetoearnings multiple			
Maple			
Net debt		C\$2,021.1	61.6%
Minority interest		35.6	0.8%
Preferred equity		135.0	3.2%
Common equity		1,461.9	34.4%
Total capital (book)		C\$4,253.6	100.0%
Maple			
At market			
Current share price	\$24.75	\$2.44	\$2.43
EPS estimate		14.2x	14.3x
Pricetoearnings multiple			
Maple			
Net debt		\$38.7	38.6%
Minority interest		-	-
Preferred equity		-	-
Common equity		48.9	61.4%
Total capital (book)		\$73.6	100.0%
Assumed offer price		\$45.00	
Premium / price	28.5%	\$2.44	\$2.43
Earnings estimates		18.4x	18.5x
Pricetoearnings multiple		(1.7x)	(2.5x)
Multiple differential at offer price		(9.9%)	(15.7%)

		2010E	Projected 2011E
IV. Transaction Analysis			
Transaction equity value		\$45.00	
Offer price for Maple		100%	1.7
Maple shares acquired (incl. opt)			\$75.7
Acquisition of Maple shares			
Goodwill			
Maple common book equity		\$48.9	
Acquisition goodwill		\$26.9	
Financing			
Debt financing	40%	\$30.3	
Transaction costs		\$4.5	
Less: option proceeds		-	
Total debt		\$34.8	
Equity financing	60%	\$45.4	
Pro forma net income			
Elm stand alone net income		C\$170.1	C\$178.3
Maple stand alone net income		4.1	4.1
Pro forma net income (pre-adjustments)		174.2	182.3
Adjustments			
Add: after-tax synergies	2.3	2.4	1.6
Less: after-tax interest on new debt		5.0%	(1.2)
Less: after-tax foreign interest income		1.0%	(0.0)
Pro forma net income (before non-recurring items)		C\$174.6	C\$182.7
Marginal tax rate			
Pro forma earnings per share (before non-recurring items)	34.0%	C\$1.52	C\$1.59
Percent accretion/dilution		0.77%	0.64%

Breakdown acquisition price	\$98.30	\$97.09
Breakdown acquisition price (US\$)	\$53.35	\$53.31
Breakdown pre-tax synergies	0.4	0.7
Breakdown pre-tax synergies (US\$)	0.4	0.6

V. Pro Forma Capitalization			
Elm	Maple	Adj.	PF
Net debt	\$2,621.1	\$37.3	\$2,658.1
Minority interest	35.6	-	35.6
Preferred equity	135.0	-	135.0
Common equity (book)	1,461.9	48.9	1,510.6
Total capital (book)	\$4,253.6	\$78.6	\$4,332.2
Net debt / total capital (book)	61.6%	38.6%	61.5%
Common equity (market) ⁽¹⁾	\$2,854.6	\$81.1	\$2,935.9
Net debt / total cap. (equity @ mkt.)	46.4%	27.5%	46.4%
2010E EBITDA	\$558.5	\$17.1	\$575.6
Net debt / EBITDA	4.7x	1.8x	4.7x

VI. Stand Alone Projections			
Elm			
Shares outstanding	112.8	C\$1.51	C\$1.58
Earnings estimates		C\$170.1	C\$178.3
Net income		\$-	\$-
Options / W/A strike			
Maple			
Shares outstanding	1.7	\$2.44	\$2.43
Earnings estimates		\$4.1	\$4.1
Net income		\$-	\$-
Options / W/A strike			

III. Pro Forma Shares Outstanding			
Elm public	112.8		98.2%
Shares issued	2.1		1.8%
Pro forma shares outstanding	114.9		100.0%

(1) Assumes Elm pro forma continues to trade at 16.8x 2010E earnings.			
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Ability-To-Pay Accretion Dilution Analysis

Illustrative Accretion Analysis of Maple by Elm

(US\$ million, unless otherwise stated)

Sensitivity Analysis

Draft For Discussion Purposes Only

2010E EPS accretion				
Offer Price (US\$)		Debt Financing		
20%	40%	60%	80%	100%
\$46.00	0.4%	0.7%	1.0%	1.3%
45.00	0.5%	0.8%	1.1%	1.4%
44.00	0.5%	0.8%	1.1%	1.4%
43.00	0.6%	0.9%	1.2%	1.5%
42.00	0.7%	0.9%	1.2%	1.5%

synergies of \$2 million

2010E EPS accretion				
Price (US\$)		Pre-Tax Synergies (\$ millions)		
20%	40%	60%	80%	100%
\$0.00	0.2%	0.4%	0.6%	0.8%
\$46.00	(0.2%)	0.1%	0.4%	0.7%
45.00	(0.2%)	0.1%	0.5%	0.8%
44.00	(0.1%)	0.2%	0.5%	0.8%
43.00	(0.1%)	0.3%	0.6%	0.9%
42.00	0.0%	0.3%	0.6%	0.9%

* Assuming 60% equity financing

Ability to Pay				
Pre-Tax Synergies (US\$) vs. 2010 EPS Accretion %		2010 EPS Accretion %		
20%	40%	60%	80%	100%
\$0.0	0.00%	0.25%	0.50%	0.75%
\$39.35	\$35.05	\$30.77	\$26.50	\$22.25
0.8	44.64	40.33	36.04	31.75
1.5	49.93	45.61	41.31	37.03
2.3	55.22	50.90	46.58	42.29
3.0	60.51	56.18	51.85	47.55

* Assuming 60% equity financing

2010E EPS breakeven pre-tax synergies (\$ millions)				
Price (US\$) vs. Debt Financing		Debt Financing		
20%	40%	60%	80%	100%
\$46.00	\$1.3	\$0.5	(\$0.2)	(\$1.0)
45.00	1.1	0.4	(0.3)	(1.1)
44.00	1.0	0.3	(0.3)	(1.2)
43.00	0.8	0.1	(0.6)	(1.3)
42.00	0.7	(0.0)	(0.7)	(1.4)

Net-debt / LTM EBITDA				
Price (US\$)		Debt Financing		
20%	40%	60%	80%	100%
\$46.00	4.64x	4.67x	4.70x	4.73x
45.00	4.64x	4.67x	4.70x	4.73x
44.00	4.64x	4.67x	4.70x	4.73x
43.00	4.64x	4.67x	4.70x	4.73x
42.00	4.64x	4.67x	4.69x	4.72x

2011E EPS accretion				
Offer Price (US\$)		Debt Financing		
20%	40%	60%	80%	100%
\$46.00	0.3%	0.6%	0.9%	1.2%
45.00	0.3%	0.6%	0.9%	1.3%
44.00	0.4%	0.7%	1.0%	1.3%
43.00	0.4%	0.7%	1.1%	1.4%
42.00	0.5%	0.8%	1.1%	1.4%

* Assuming pre-tax synergies of \$2 million

2011E EPS accretion				
Price (US\$)		Pre-Tax Synergies (\$ millions)		
20%	40%	60%	80%	100%
\$0.00	0.3%	0.6%	0.9%	1.2%
\$46.00	(0.3%)	0.0%	0.3%	0.6%
45.00	(0.2%)	0.0%	0.3%	0.6%
44.00	(0.2%)	0.1%	0.4%	0.7%
43.00	(0.1%)	0.2%	0.4%	0.7%
42.00	(0.1%)	0.2%	0.5%	0.8%

* Assuming 60% equity financing

Ability to Pay				
Pre-Tax Synergies (US\$) vs. 2011 EPS Accretion %		2011 EPS Accretion %		
20%	40%	60%	80%	100%
\$0.0	0.00%	0.25%	0.50%	0.75%
\$37.83	\$33.48	\$29.15	\$24.84	\$20.54
0.8	42.94	38.58	34.24	29.92
1.5	48.05	43.68	39.34	35.00
2.3	53.16	48.78	44.43	40.08
3.0	58.27	53.89	49.52	45.17

* Assuming 60% equity financing

2011E EPS breakeven pre-tax synergies (\$ millions)				
Price (US\$) vs. Debt Financing		Debt Financing		
20%	40%	60%	80%	100%
\$46.00	\$1.6	\$0.8	(\$0.1)	(\$0.9)
45.00	1.4	0.6	(0.2)	(1.0)
44.00	1.3	0.5	(0.3)	(1.1)
43.00	1.1	0.3	(0.4)	(1.2)
42.00	1.0	0.2	(0.5)	(1.3)

Implied Multiples at Various Prices

	12/1/2009	\$42.00	\$42.75	\$43.50	\$44.25	\$45.00	\$45.75	\$46.50
Price Per Share	\$32.45	\$42.00	\$42.75	\$43.50	\$44.25	\$45.00	\$45.75	\$46.50
Fully Diluted Shares Outstanding (mm)	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Implied Equity Value	\$54.6	\$70.7	\$72.0	\$73.2	\$74.5	\$75.7	\$77.0	\$78.3
Plus: Debt	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8
Less: Cash & Equivalents	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Enterprise Value	\$83.3	\$99.4	\$100.6	\$101.9	\$103.1	\$104.4	\$105.7	\$106.9
Metric								
Equity Premiums								
12/1/2009	\$32.45	29.4%	31.7%	34.1%	36.4%	38.7%	41.0%	43.3%
30-Day VWAP	36.24	15.9%	18.0%	20.0%	22.1%	24.2%	26.2%	28.3%
60-Day VWAP	36.76	14.3%	16.3%	18.3%	20.4%	22.4%	24.5%	26.5%
90-Day VWAP	36.08	16.4%	18.5%	20.6%	22.6%	24.7%	26.8%	28.9%
TEV Premiums								
12/1/2009	\$83.3	19.3%	20.8%	22.3%	23.8%	25.4%	26.9%	28.4%
30-Day VWAP	89.7	10.8%	12.2%	13.6%	15.0%	16.4%	17.8%	19.3%
60-Day VWAP	90.5	9.7%	11.1%	12.5%	13.9%	15.3%	16.7%	18.1%
90-Day VWAP	89.4	11.1%	12.6%	14.0%	15.4%	16.8%	18.2%	19.6%
Implied TEV / EBITDA								
2009E	\$16.0	6.2x	6.3x	6.4x	6.4x	6.5x	6.6x	6.7x
2010E	19.3	5.1x	5.2x	5.3x	5.3x	5.4x	5.5x	5.5x
Implied Equity Value / Net Income								
2009E	\$3.8	14.5x	19.1x	19.4x	19.7x	20.1x	20.4x	20.8x
2010E	3.8	14.2x	18.8x	19.1x	19.4x	19.8x	20.1x	20.4x
Implied TEV / Rate Base ⁽¹⁾								
2009E	\$72.7	1.1x	1.4x	1.4x	1.4x	1.4x	1.5x	1.5x
2010E	68.9	1.2x	1.5x	1.5x	1.5x	1.5x	1.5x	1.6x
Comps ⁽²⁾								
EV / LTM EBITDA	8.7x				LTM P / E			14.6x
EV / 2009E EBITDA	8.8x				2009E P / E			14.9x
EV / 2010E EBITDA	7.6x				2010E P / E			13.4x
Precedents								
EV / EBITDA Range				Integrated Utilities			Electric Transmission & Distribution	
EV / EBITDA Average				6.1x - 11.0x			5.4x - 9.8x	
				8.1x			7.9x	
				Gas Utilities				
				7.5x - 22.5x				
				11.9x				

Elm									
\$C millions									
Share Price =		\$25.30		FD Shares Out =		112,819,499			
	Common Shares	As Of Date	Source	Most Recent Split	As Of Date	Split Effect (1/0)	Split Adjusted Common Sh.		
Common	112,500,000	9/30/2009	Interim	1	9/30/2009	1	112,500,000		
Options & Warrants		12/31/2008	Annual	1	12/31/2008	1	NA		
	Price	Option Split Effect	Options	Split Adj	WAEP	Split Adj	in/out of the money (1/0)	Cash	Comments
tranch 1	\$25.30	1	1,176,300	1,176,300	\$ 18.43	\$ 18.43	1	\$ 21,679,209	
tranch 2	\$25.30	1		-	\$ -	\$ -	1	\$ -	
tranch 3	\$25.30	1		-	\$ -	\$ -	1	\$ -	
tranch 4	\$25.30	1		-	\$ -	\$ -	1	\$ -	
tranch 5	\$25.30	1		-	\$ -	\$ -	1	\$ -	
tranch 6	\$25.30	1		-	\$ -	\$ -	1	\$ -	
tranch 7	\$25.30	1		-	\$ -	\$ -	1	\$ -	
tranch 8	\$25.30	1		-	\$ -	\$ -	1	\$ -	
tranch 9	\$25.30	1		-	\$ -	\$ -	1	\$ -	
tranch 10	\$25.30	1		-	\$ -	\$ -	1	\$ -	
tranch 11	\$25.30	1		-	\$ -	\$ -	1	\$ -	
tranch 12	\$25.30	1		-	\$ -	\$ -	1	\$ -	
tranch 13	\$25.30	1		-	\$ -	\$ -	1	\$ -	
warrants	\$25.30	1		-	\$ -	\$ -	1	\$ -	
warrants	\$25.30	1		-	\$ -	\$ -	1	\$ -	
warrants	\$25.30	1		-	\$ -	\$ -	1	\$ -	
conv. pref	\$25.30	1		-	\$ -	\$ -	1	\$ -	
conv. pref	\$25.30	1		-	\$ -	\$ -	1	\$ -	
conv. pref	\$25.30	1		-	\$ -	\$ -	1	\$ -	
Total =								\$ 21,679,209	
Tot. in-the-money =								1,176,300	
Net Shares Repurchased =					656,601				
Net Shares created from option exercise =					319,499				
FD shares out =					112,819,499				

Maple									
\$US millions									
Share Price =		\$45.00		FD Shares Out =		1,683,210			
	Common Shares	As Of Date	Source	Most Recent Split	As Of Date	Split Effect (1/0)	Split Adjusted Common Sh.		
Common	1,681,924	11/12/2009	10-Q	1	11/12/2009	1	1,681,924		
Options & Warrants		12/31/2008	10-K	1	12/31/2008	1	NA		
	Price	Option Split Effect	Options	Split Adj	WAEP	Split Adj	in/out of the money (1/0)	Cash	Comments
tranch 1	\$45.00	1	3,932	3,932	\$ 30.28	\$ 30.28	1	\$ 119,061	
tranch 2	\$45.00	1		-	\$ -	\$ -	1	\$ -	
tranch 3	\$45.00	1		-	\$ -	\$ -	1	\$ -	
tranch 4	\$45.00	1		-	\$ -	\$ -	1	\$ -	
tranch 5	\$45.00	1		-	\$ -	\$ -	1	\$ -	
tranch 6	\$45.00	1		-	\$ -	\$ -	1	\$ -	
tranch 7	\$45.00	1		-	\$ -	\$ -	1	\$ -	
tranch 8	\$45.00	1		-	\$ -	\$ -	1	\$ -	
tranch 9	\$45.00	1		-	\$ -	\$ -	1	\$ -	
tranch 10	\$45.00	1		-	\$ -	\$ -	1	\$ -	
tranch 11	\$45.00	1		-	\$ -	\$ -	1	\$ -	
tranch 12	\$45.00	1		-	\$ -	\$ -	1	\$ -	
tranch 13	\$45.00	1		-	\$ -	\$ -	1	\$ -	
warrants	\$45.00	1		-	\$ -	\$ -	1	\$ -	
warrants	\$45.00	1		-	\$ -	\$ -	1	\$ -	
warrants	\$45.00	1		-	\$ -	\$ -	1	\$ -	
warrants	\$45.00	1		-	\$ -	\$ -	1	\$ -	
conv. pref	\$45.00	1		-	\$ -	\$ -	1	\$ -	
conv. pref	\$45.00	1		-	\$ -	\$ -	1	\$ -	
conv. pref	\$45.00	1		-	\$ -	\$ -	1	\$ -	
Total =								\$ 119,061	
Tot. in-the-money =								3,932	
Net Shares Repurchased =					2,646				
Net Shares created from option exercise =					1,286				
FD shares out =					1,683,210				

Assumptions	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal
Rate Base Growth Rate	2.0%																					
Growth in Property	2.0%																					
Tax Rate	40.8%																					
Debt / Total Capital	50.0%																					
Working Capital / Fixed Assets	8.7%																					
ROE Earned in 2010 and 2011	10.2%																					

DISTRIBUTION (GAS minus interest on investment)																					
2009E 2010E 2011E 2012E 2013E 2014E 2015E 2016E 2017E 2018E 2019E 2020E 2021E 2022E 2023E 2024E 2025E 2026E 2027E 2028E 2029E Terminal																					
Rate base	\$43.7	\$48.2	\$51.1	\$55.0	\$58.6	\$61.9	\$65.8	\$69.8	\$74.1	\$78.6	\$83.5	\$88.7	\$94.1	\$99.6	\$105.3	\$111.2	\$117.3	\$123.6	\$130.1	\$136.8	\$143.7
Plus: Capital expenditures	5.7	3.0	3.1	5.5	5.5	3.3	3.4	3.6	3.7	3.9	4.0	4.2	4.3	4.5	4.7	4.9	5.1	5.3	5.5	5.7	5.9
Less: Depreciation	1.5	1.6	1.7	1.9	2.1	2.2	2.3	2.4	2.6	2.7	2.8	3.0	3.1	3.3	3.4	3.6	3.7	3.9	4.1	4.3	4.5
Plus: Change in working capital	0.4	0.1	0.1	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Less: Dividend Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ending	\$43.7	\$48.2	\$51.1	\$55.0	\$58.6	\$61.9	\$65.8	\$69.8	\$74.1	\$78.6	\$83.5	\$88.7	\$94.1	\$99.6	\$105.3	\$111.2	\$117.3	\$123.6	\$130.1	\$136.8	\$143.7
ROE	\$45.9	\$48.8	\$50.4	\$53.1	\$55.8	\$58.2	\$60.4	\$61.6	\$62.9	\$64.1	\$65.4	\$66.7	\$68.0	\$69.4	\$70.8	\$72.2	\$73.6	\$75.1	\$76.6	\$78.1	\$79.7
Equity rate base	23.0	24.5	25.2	26.5	27.4	28.4	29.6	30.2	30.8	31.4	32.1	32.7	33.3	34.0	34.7	35.4	36.1	36.8	37.5	38.1	38.9
ROE	2.3	2.5	2.6	2.7	2.9	3.0	3.1	3.1	3.2	3.3	3.3	3.4	3.5	3.5	3.6	3.7	3.8	3.8	3.9	4.0	4.1
Free cash flow	\$2.3	\$2.5	\$2.6	\$2.7	\$2.9	\$3.0	\$3.1	\$3.1	\$3.2	\$3.3	\$3.3	\$3.4	\$3.5	\$3.5	\$3.6	\$3.7	\$3.8	\$3.8	\$3.9	\$4.0	\$4.1
Change in equity capital	(2.2)	(0.7)	(0.7)	(1.9)	(1.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(0.8)
Free cash flow (forecast period)	\$0.1	\$1.7	\$1.8	\$0.8	\$1.1	\$2.4	\$2.6	\$2.5	\$2.6	\$2.6	\$2.7	\$2.7	\$2.8	\$2.8	\$2.9	\$2.9	\$3.0	\$3.1	\$3.1	\$3.2	\$3.3
Growth rates																					
Ending rate base	3.1%	3.0%	7.5%	6.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Average rate base	8.5%	3.0%	5.3%	7.9%	4.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Free cash flow	1833.1%	4.3%	(57.1%)	37.0%	126.8%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Income statement																					
EBITDA	\$6.6	\$7.0	\$7.3	\$7.8	\$8.4	\$8.7	\$9.0	\$9.2	\$9.5	\$9.8	\$10.0	\$10.3	\$10.6	\$10.9	\$11.2	\$11.5	\$11.8	\$12.2	\$12.6	\$13.0	\$13.3
Less: Depreciation	1.5	1.6	1.7	1.9	2.1	2.2	2.3	2.4	2.6	2.7	2.8	3.0	3.1	3.3	3.4	3.6	3.7	3.9	4.1	4.3	4.5
EBIT	\$5.1	\$5.4	\$5.6	\$5.9	\$6.3	\$6.5	\$6.7	\$6.8	\$6.9	\$7.1	\$7.2	\$7.4	\$7.5	\$7.7	\$7.8	\$8.0	\$8.1	\$8.3	\$8.4	\$8.6	\$8.8
Less: Interest	\$1.1	\$1.2	\$1.3	\$1.4	\$1.4	\$1.5	\$1.5	\$1.5	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6	\$1.7	\$1.7	\$1.7	\$1.7	\$1.8	\$1.8	\$1.9	\$1.9
EBT	\$4.0	\$4.2	\$4.3	\$4.5	\$4.9	\$5.1	\$5.2	\$5.3	\$5.4	\$5.5	\$5.6	\$5.7	\$5.9	\$6.1	\$6.2	\$6.3	\$6.5	\$6.6	\$6.7	\$6.9	\$7.0
Less: Tax	\$1.6	\$1.7	\$1.8	\$1.9	\$2.0	\$2.1	\$2.1	\$2.2	\$2.2	\$2.3	\$2.3	\$2.4	\$2.4	\$2.5	\$2.5	\$2.6	\$2.6	\$2.7	\$2.7	\$2.8	\$2.9
Less: Preferred Dividend	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net income	\$2.3	\$2.5	\$2.6	\$2.7	\$2.9	\$3.0	\$3.1	\$3.1	\$3.2	\$3.3	\$3.4	\$3.5	\$3.5	\$3.6	\$3.7	\$3.8	\$3.8	\$3.9	\$4.0	\$4.1	\$4.1
EBITDA growth	6.6%	3.8%	6.8%	7.7%	4.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Net income growth	6.6%	3.8%	3.0%	5.3%	7.1%	4.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Debt balance	\$21.8	\$24.1	\$24.8	\$25.6	\$27.5	\$28.3	\$29.9	\$30.5	\$31.1	\$31.7	\$32.4	\$33.0	\$33.7	\$34.4	\$35.0	\$35.7	\$36.5	\$37.2	\$37.9	\$38.7	\$39.5
Beginning	\$2.2	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7	\$2.7
Income (increase)	\$24.1	\$24.8	\$25.6	\$27.5	\$28.3	\$29.9	\$30.5	\$31.1	\$31.7	\$32.4	\$33.0	\$33.7	\$34.4	\$35.0	\$35.7	\$36.5	\$37.2	\$37.9	\$38.7	\$39.5	\$40.2
Ending	\$24.1	\$24.8	\$25.6	\$27.5	\$28.3	\$29.9	\$30.5	\$31.1	\$31.7	\$32.4	\$33.0	\$33.7	\$34.4	\$35.0	\$35.7	\$36.5	\$37.2	\$37.9	\$38.7	\$39.5	\$40.2
Enterprise Cash Flows																					
EBITDA	\$6.6	\$7.0	\$7.3	\$7.8	\$8.4	\$8.7	\$9.0	\$9.2	\$9.5	\$9.8	\$10.0	\$10.3	\$10.6	\$10.9	\$11.2	\$11.5	\$11.8	\$12.2	\$12.6	\$13.0	\$13.3
Less: Interest	(2.1)	(2.2)	(2.3)	(2.4)	(2.5)	(2.6)	(2.7)	(2.7)	(2.8)	(2.8)	(2.9)	(3.0)	(3.1)	(3.1)	(3.2)	(3.2)	(3.3)	(3.4)	(3.4)	(3.5)	(3.6)
Capital expenditures	(5.7)	(3.0)	(3.1)	(5.5)	(5.5)	(3.3)	(3.4)	(3.6)	(3.7)	(3.9)	(4.0)	(4.2)	(4.3)	(4.5)	(4.7)	(4.9)	(5.1)	(5.3)	(5.5)	(5.7)	(5.9)
Working capital	(0.4)	(0.1)	(0.1)	(0.3)	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Free cash flow	(1.3)	1.7	1.8	(0.4)	0.1	2.7	2.6	2.5	2.6	2.6	2.7	2.7	2.8	2.8	2.9	2.9	3.0	3.1	3.2	3.3	3.4

Pine Model - Final V1.xls
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RSC Capital Markets

Deferred Fuel									
Beginning	\$26.1	\$21.4	\$13.6	\$6.1	\$0.9	\$0.0	\$0.0	\$0.0	\$0.0
Amortization	4.7	7.8	7.5	5.2	0.9	0.0	0.0	0.0	0.0
Ending	\$21.4	\$13.6	\$6.1	\$0.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Rate base (avg)									
Equity rate base	\$14.3	\$11.4	\$8.6	\$5.7	\$2.8	\$0.8	\$0.0	\$0.0	\$0.0
Return	7.1	5.7	4.3	2.8	1.4	0.4	0.0	0.0	0.0
ROE	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Free cash flow	\$0.6	\$0.5	\$0.4	\$0.3	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0
Free cash flow									
ROE	\$0.6	\$0.5	\$0.4	\$0.3	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0
Change in equity capital	0.0	1.4	1.4	1.4	1.4	1.0	0.4	0.0	0.0
Free cash flow (forecast period)	\$0.6	\$1.9	\$1.8	\$1.7	\$1.6	\$1.0	\$0.4	\$0.0	\$0.0
Income Statement									
EBITDA	\$6.2	\$8.9	\$8.4	\$5.8	\$1.1	\$0.0	\$0.0	\$0.0	\$0.0
Less: Depreciation	4.7	7.8	7.5	5.2	0.9	0.0	0.0	0.0	0.0
EBIT	1.4	1.1	0.9	0.6	0.3	0.0	0.0	0.0	0.0
Less: Interest	0.3	0.3	0.2	0.1	0.1	0.0	0.0	0.0	0.0
EBT	1.1	0.9	0.6	0.4	0.2	0.0	0.0	0.0	0.0
Less: Tax	0.4	0.4	0.3	0.2	0.1	0.0	0.0	0.0	0.0
Net income	\$0.6	\$0.5	\$0.4	\$0.3	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0
Debt Balances									
Beginning	\$7.1	\$5.7	\$4.3	\$2.8	\$1.4	\$0.4	\$0.0	\$0.0	\$0.0
Increase (decrease)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ending	\$7.1	\$5.7	\$4.3	\$2.8	\$1.4	\$0.4	\$0.0	\$0.0	\$0.0
Enterprise Cash Flows									
EBITDA	\$6.2	\$8.9	\$8.4	\$5.8	\$1.1	\$0.0	\$0.0	\$0.0	\$0.0
Cash tax	(0.6)	(0.5)	(0.3)	(0.2)	(0.1)	(0.0)	0.0	0.0	0.0
Free cash flow	\$5.6	\$8.5	\$8.0	\$5.5	\$1.0	\$0.0	\$0.0	\$0.0	\$0.0

Project Pine

[illegible]

Project Pine

US\$ millions, unless otherwise stated

	2008A	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal
FIXED ASSET SCHEDULE																							
Fixed Assets - Beginning	10.4	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	25.5	26.5	27.5	28.5	29.5	30.5	31.5	32.5
Capex	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Amortization	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Fixed Assets - Ending	10.4	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	25.5	26.5	27.5	28.5	29.5	30.5	31.5	32.5
Significant Capital Projects																							
Growth Capex	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Maintenance Capex	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Depreciation of Existing Assets	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Amortization of New Assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
2009	1.6																						
2010	1.6	1.6																					
2011	1.6	1.6	1.6																				
2012	100.0	1.6	1.6	1.6																			
2013	6.5	3.6	3.6	3.6	3.6																		
2014	6.5	3.6	3.6	3.6	3.6	3.6																	
2015	7.1	3.6	3.6	3.6	3.6	3.6	3.6																
2016	7.4	3.6	3.6	3.6	3.6	3.6	3.6	3.6															
2017	7.8	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6														
2018	8.1	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6													
2019	8.4	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6												
2020	8.8	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6											
2021	9.2	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6										
2022	9.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6									
2023	10.0	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6								
2024	10.4	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6							
2025	10.9	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6						
2026	11.3	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6					
2027	11.8	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6				
2028	12.3	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6			
2029	12.9	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6		
2030	13.3	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	
Terminal	13.3																						
Amortization of Fixed Assets	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4

Working Capital Schedule																							
Fixed Assets	\$10.4	\$11.5	\$12.5	\$13.5	\$14.5	\$15.5	\$16.5	\$17.5	\$18.5	\$19.5	\$20.5	\$21.5	\$22.5	\$23.5	\$24.5	\$25.5	\$26.5	\$27.5	\$28.5	\$29.5	\$30.5	\$31.5	\$32.5
Working Capital (% of Fixed Assets)	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
Working Capital	\$0.9	\$1.0	\$1.1	\$1.2	\$1.3	\$1.4	\$1.5	\$1.6	\$1.7	\$1.8	\$1.9	\$2.0	\$2.1	\$2.2	\$2.3	\$2.4	\$2.5	\$2.6	\$2.7	\$2.8	\$2.9	\$3.0	\$3.1
Change in Working Capital	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1

EMERA ACCRETION

Emera Share Price	\$ 23.63	as of Feb 5/2010 close		
FX Rate	1.07	as of Feb 5/2010 close		
Issuance Cost	4%			
Issuance Discount	4%			
Net Proceeds	\$ 21.78			
Leverage?	46%	Plugged to have resulting leverage (60/40)		
Funds Required CDN \$ M	\$ 86			
Debt	\$ 40	31	\$ 70	60%
Equity	\$ 46		\$ 46	40%
Interest Rate	6.5%		\$ 117	
Emera Tax Rate	34%			
Share Price in 2012 (for transmission investment)	25.21			

Project Pine - USD Earnings	3.84	3.82	6.57	9.41	9.52
Foreign Exchange Rate	1.07	1.07	1.07	1.07	1.07
Project Pine - CAD Earnings	4.11	4.09	7.03	10.07	10.20

	2010	2011	2012	2013	2014
Emera Earnings	175.3	175.2	191.4	191.7	208.3
Incremental Earnings	4.1	4.1	7.0	10.1	10.2
Double Dip Tax After-Tax benefits	1.9	2.2	2.7	2.7	2.7
Incremental After-tax Interest	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Total Earnings	179.6	179.8	199.4	202.8	217.5
Emera Shares	113.3	120.1	127.0	127.7	128.4
New Shares Issued	2.1	2.1	4.4	4.4	4.4
Total Shares O/S	115.4	122.3	131.4	132.0	132.7
Current EPS	1.547	1.458	1.507	1.501	1.607
New EPS	1.556	1.471	1.518	1.536	1.638
Accretion	0.009	0.013	0.011	0.034	0.031

Extra share issuance in 2012

	Unlevered IRR
Summary of Feb 5th changes:	
Starting	7.31%
Transmission ROE to 10.5%	7.43%
Update FX to 1.0707 (Feb 5 close)	7.56%
Update Emera share price to \$23.63	7.56%
Adjust double dip to 1.8/2.1/2.5/2.5/2.5	7.58%
Adjust tax rate to 40.8%	7.58%
Adjust seabrook ROE to 9.0%	7.58%
Adjust deferred fuel ROE to 9.0%	7.60%
Adjust deferred fuel amortizations (7.8/7.5/5.2/.9)	7.65%
Change in transaction costs to \$4.5M	7.67%

SENSITIVITY ANALYSIS

NEW (AFTER FEB 9 CHANGES)

Sensitivity Analysis	RBC BASE CASE	EMERA Scenario A	EMERA Scenario B	EMERA Scenario C
Unlevered IRR	7.7%	7.22%	6.14%	5.87%
Accretion				
2010	0.009	(0.008)	(0.008)	(0.008)
2011	0.013	(0.006)	(0.006)	(0.006)
2012	0.011	(0.009)	(0.006)	(0.006)
Double Dip Tax Structure (million)	1.5	-	-	-
2012 Transmission Investment (million)	100	100	-	-
Terminal EBITDA multiple	8.5x	8.5x	8.5x	7.9x
Unlevered Pay-back (years)	20			

EMERA ANALYSIS

ASSUMPTIONS FOR UNLEVERED CF AND ACCRETION

Share Price of Buy-out (per share)	\$ 45.00
Number of shares outstanding (million)	1.68
Debt outstanding (million)	\$ 28.67
Transaction Costs (million)	\$ 4.50

UNLEVERED CASH FLOW ANALYSIS

* USING EBITDA MULTIPLE FOR TERMINAL VALUE

[illegible]